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HOUSE BILL 494

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

GAIL C. BEAM

FOR THE HEALTH AND WELFARE REFORM COMMITTEE

AN ACT

RELATING TO HEALTH; CREATING A SINGLE HEALTH PROFESSIONAL AND
STUDENT LOAN AND REPAYMENT ACT; PROVIDING OPPORTUNITIES TO
REPAY EDUCATIONAL LOANS THROUGH SERVICE IN DESIGNATED AREAS
INADEQUATELY SERVED BY HEALTH PROFESSIONALS; PROVIDING
PENALTIES; RENAMING A FUND; AMENDING AND REPEALING SECTIONS OF
THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 21-22D-1 NMSA 1978 (being Laws 1995,
Chapter 144, Section 16) is amended to read:

"21-22D-1. SHORT TITLE. -- [~~Sections 16 through 25 of this
act~~] Chapter 21, Article 22D NMSA 1978 may be cited as the
"Health Professional and Student Loan and Repayment Act". "

Section 2. Section 21-22D-2 NMSA 1978 (being Laws 1995,
Chapter 144, Section 17) is amended to read:

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1 "21-22D-2. PURPOSE. -- The purpose of the Health
2 Professional and Student Loan and Repayment Act is to increase
3 the number of health professionals in underserved areas of the
4 state through an educational loan and loan repayment program.
5 The act provides for repayment of the principal and reasonable
6 interest accrued on loans obtained from the federal government
7 or a commercial lender for health education purposes. "

8 Section 3. Section 21-22D-3 NMSA 1978 (being Laws 1995,
9 Chapter 144, Section 18) is amended to read:

10 "21-22D-3. DEFINITIONS. -- As used in the Health
11 Professional and Student Loan and Repayment Act:

12 A. "allied health profession" means physical
13 therapy, occupational therapy, speech-language pathology,
14 audiology, pharmacology, nutrition, respiratory care,
15 laboratory technology, radiologic technology, mental health
16 services, emergency medical services or a licensed or
17 certified health profession as defined by the commission;

18 [A.] B. "commission" means the commission on
19 higher education;

20 [B.] C. "health professional" means a primary care
21 physician, optometrist, osteopathic physician, osteopathic
22 physician's assistant, podiatrist, physician's assistant,
23 dentist, nurse, member of an allied health profession [as
24 ~~defined in the Allied Health Student Loan for Service Act~~] or
25 a licensed or certified health professional as determined by

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1 the commission; [and

2 ~~C.]~~ D. "loan" means a grant of money to defray the
3 costs incidental to a health education, under a contract
4 between the state, the federal government or a commercial
5 lender and a student or a health professional, requiring
6 either repayment of principal and interest or repayment in
7 services; and

8 E. "student" means a resident of New Mexico who is
9 a student enrolled in a school of medicine, nursing education
10 program, school of osteopathic medicine or osteopathic
11 physician's assistant program or an accredited education
12 program for one of the allied health professions set forth in
13 Subsection A of this section, provided the program or school
14 is approved by the commission. "

15 Section 4. Section 21-22D-4 NMSA 1978 (being Laws 1995,
16 Chapter 144, Section 19) is amended to read:

17 "21-22D-4. COMMISSION POWERS AND DUTIES-- PARTICIPANT
18 ELIGIBILITY-- QUALIFICATIONS. --

19 A. The commission may grant a loan or an award to
20 repay loans obtained for health [~~educational~~] education
21 expenses of a student or health professional upon such terms
22 and conditions as may be imposed by regulations of the
23 commission.

24 B. Applicants shall be students or licensed or
25 certified to practice in New Mexico as health professionals

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1 and shall be bona fide citizens and residents of the United
2 States and of New Mexico. Applicants shall declare their
3 intent to practice as health professionals within designated
4 health professional shortage areas of the state.

5 C. The commission shall make a full and careful
6 investigation of the ability, character and qualifications of
7 each applicant and determine fitness to become a health
8 professional in the health professional loan and loan
9 repayment program.

10 D. The commission shall assist selected health
11 professionals in locating practice positions in designated
12 health professional shortage areas. "

13 Section 5. Section 21-22D-5 NMSA 1978 (being Laws 1995,
14 Chapter 144, Section 20) is amended to read:

15 "21-22D-5. DELEGATION OF DUTIES. --The commission may
16 delegate to other agencies or contract for the performance of
17 services required by the provisions of the Health Professional
18 and Student Loan and Repayment Act. "

19 Section 6. Section 21-22D-6 NMSA 1978 (being Laws 1995,
20 Chapter 144, Section 21) is amended to read:

21 "21-22D-6. AWARD CRITERIA-- CONTRACT TERMS-- PAYMENT. --

22 A. Prior to receiving an award or loan, the health
23 professional or student applicant shall file with the
24 commission a declaration of intent to practice as a health
25 professional in areas of New Mexico designated as underserved

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1 by the health profession advisory committee.

2 B. Award criteria shall provide that:

3 (1) amounts shall be dependent upon the
4 location of the practice, the applicant's total health
5 professional [~~educational~~] education needs or indebtedness and
6 characteristics of the practice;

7 (2) preference in making awards shall be to
8 individuals who have graduated from a New Mexico public post-
9 secondary educational institution;

10 (3) recruitment awards shall be made to
11 eligible participants who agree to relocate to an approved
12 designated area;

13 (4) highest priority shall be given to
14 [~~participants~~] applicants in practices in which health
15 profession vacancies are difficult to fill, practices that
16 require regular after hours [~~call at least every other night~~]
17 calls and practices that have heavy obstetrical
18 responsibilities;

19 (5) award or loan amounts may be modified
20 based upon available funding or other special circumstances;
21 and

22 (6) an award shall not exceed the total
23 medical [~~educational~~] education indebtedness of any
24 participant.

25 C. The following [~~educational~~] education debts are

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1 not eligible for repayment pursuant to the Health Professional
2 and Student Loan and Repayment Act:

3 (1) amounts incurred as a result of
4 participation in other state loan-for-service programs or
5 other state programs whose purpose states that service be
6 provided in exchange for financial assistance;

7 (2) scholarships that have a service
8 component or obligation;

9 (3) personal loans from friends or relatives;
10 and

11 (4) loans that exceed individual standard
12 school expense levels.

13 D. The loan or loan repayment award shall be
14 evidenced by a contract between the student or health
15 professional and the commission acting on behalf of the state.
16 The contract shall provide for the payment by the state of a
17 stated sum to the health professional's debtors and shall
18 state the obligations of the student or health professional
19 under the program, including a minimum two-year period of
20 service, quarterly reporting requirements and other policies
21 established by the commission.

22 E. Recipients shall serve a complete year in order
23 to receive credit for that year. The minimum credit for a
24 year shall be established by the commission.

25 F. If a student or health professional does not

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1 comply with the terms of the contract, the commission shall
2 assess a penalty of [~~up to~~] three times the amount of award
3 disbursed plus eighteen percent interest, unless the
4 commission finds acceptable extenuating circumstances for why
5 the health professional cannot serve or comply with the terms
6 of the contract. Acceptable extenuating circumstances do not
7 include the student's or health professional's preference not
8 to practice or continue practicing in the designated health
9 professional shortage area or his opportunity or desire to
10 practice in the employ, partnership or association of a person
11 willing to pay back his health professional education
12 indebtedness. If the commission does not find acceptable
13 extenuating circumstances for the health professional's
14 failure to comply with the contract, the commission shall
15 require immediate repayment plus the amount of the penalty.

16 G. The commission shall adopt regulations to
17 implement the provisions of this section. The regulations may
18 provide for the disbursement of loan repayment awards to the
19 lenders of health professionals in annual or other periodic
20 installments. "

21 Section 7. Section 21-22D-7 NMSA 1978 (being Laws 1995,
22 Chapter 144, Section 22) is amended to read:

23 "21-22D-7. CONTRACTS--ENFORCEMENT.--The general form of
24 the contract required shall be prepared and approved by the
25 attorney general and signed by the student or health

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1 professional and the designated representative of the
2 commission on behalf of the state. The commission is vested
3 with full and complete authority and power to sue in its own
4 name for any balance due the state from any student or health
5 professional on any such contract. "

6 Section 8. Section 21-22D-8 NMSA 1978 (being Laws 1995,
7 Chapter 144, Section 23) is amended to read:

8 "21-22D-8. FUND CREATED--METHOD OF PAYMENT.--The "health
9 professional and student loan and repayment fund" is created
10 in the state treasury. All money appropriated for the health
11 professional and student loan and repayment program shall be
12 credited to the fund, and all payments for penalties or
13 repayment of awards received by the commission shall be
14 credited to the fund or shall be deposited with the
15 commission's administrative agent. All payments for loans and
16 loan repayment awards shall be made upon vouchers signed by
17 the designated representative of the commission and upon
18 warrant issued by the secretary of finance and
19 administration. "

20 Section 9. Section 21-22D-9 NMSA 1978 (being Laws 1995,
21 Chapter 144, Section 24) is amended to read:

22 "21-22D-9. CANCELLATION.--The commission may cancel any
23 contract made between it and any health professional or
24 student for any reasonable cause deemed sufficient by the
25 commi ssi on. "

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1 Section 10. Section 21-22D-10 NMSA 1978 (being Laws
2 1995, Chapter 144, Section 25) is amended to read:

3 "21-22D-10. REPORTS. -- The commission shall make annual
4 reports to the governor and to the legislature, prior to each
5 regular session, of its activities, the loans and loan
6 repayment awards granted, the names and addresses of loan and
7 loan repayment award recipients, the names and locations of
8 the practices of those health professionals who are serving in
9 a designated health professional shortage area of the state
10 pursuant to the Health Professional and Student Loan and
11 Repayment Act and the name of each loan student and loan
12 repayment award recipient who is not serving in a designated
13 health professional shortage area, the reason the person is
14 not serving and the amount owed and paid on the loan and loan
15 repayment award. "

16 Section 11. FUNDS TRANSFERS. -- On July 1, 1998, all
17 balances in and funds due and accrued to the medical student
18 loan for service fund, osteopathic medical student loan for
19 service fund, nursing student loan for service fund and allied
20 health student loan for service fund are transferred to the
21 health professional and student loan and repayment fund
22 created in Section 21-22D-8 NMSA 1978 to be expended for the
23 purposes of the Health Professional and Student Loan and
24 Repayment Act.

25 Section 12. REPEAL. -- Sections 21-22-1 through 21-22-10,

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1 21-22A-1 through 21-22A-10, 21-22B-1 through 21-22B-10 and
2 21-22C-1 through 21-22C-10 NMSA 1978 (being Laws 1975, Chapter
3 244, Sections 1 through 10, Laws 1978, Chapter 109, Sections 1
4 through 10, Laws 1987, Chapter 299, Sections 1 through 10 and
5 Laws 1994, Chapter 57, Sections 3 through 12, as amended) are
6 repealed.

7 Section 13. EFFECTIVE DATE.--The effective date of the
8 provisions of this act is July 1, 1998.

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3 **FORTY-THIRD LEGISLATURE**
4 **SECOND SESSION, 1998**
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8 **February 9, 1998**
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11 **Mr. Speaker:**
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13 **Your RULES AND ORDER OF BUSINESS COMMITTEE, to**
14 **whom has been referred**
15

16 **HOUSE BILL 494**
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19 **has had it under consideration and finds same to be GERMANE**
20 **in accordance with constitutional provisions.**
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22 **Respectfully submitted,**
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R. David Pederson, Chairman

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Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

Date _____

The roll call vote was 8 For 0 Against

Yes: 8

Excused: Nicely, Olguin, Rodella, Ryan, Sanchez, Taylor, J.G.,
Williams, S.M

Absent: None

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